



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000REPLY TO
ATTENTION OF:

CEMP-MA (415)

27 Jan 95

MEMORANDUM FOR COMMANDERS, ALL MAJOR SUBORDINATE COMMANDS, EXCEPT
NORTH CENTRAL DIVISION AND LOWER MISSISSIPPI
VALLEY DIVISION

SUBJECT: Military Construction, Army (MCA) Execution

1. Our execution of the FY 94 Military Construction Program was extremely successful. We are building on that success as we move into execution of the FY 95 program while demonstrating to all that we can deliver quality facilities within the schedule.

2. A major challenge to our execution has arisen due to a shortage in MCA funds created by Congressional actions, a less favorable bid climate and several problem projects which were awarded well over the programmed amount. As a result the Army MCA program deficit now exceeds \$60 million.

3. The Army hopes to overcome the fund shortfall by obtaining bid savings over the next few years and cancelling projects no longer required. Therefore, when the current working estimate (CWE) of a fully designed project exceeds the programmed amount (PA), we can expect that execution will be delayed and the reputation of the Corps for delivering quality projects, on time and within budget is damaged.

4. To overcome this impact on our customers, we must ensure that the program amount is a key factor in determining design parameters and that feasible additive or deductive bid items are determined early in the design process.

5. To ensure this problem is addressed early in the design process, I recommend that your Program Review Board consider all projects where the CWE exceeds the programmed amount as design progresses to determine what alternative actions are possible.

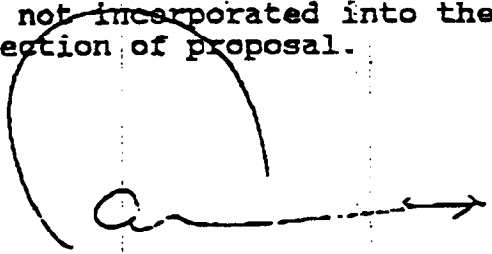
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6. On our part, we must assure that we have done all we can to reduce the CWE when approval to advertise above the PA is requested. All future requests to advertise MCA projects with a full scope CWE above the PA must include:

- a. Explanation of why CWE exceeds PA.
- b. Delineation of attempts made to reduce CWE, including identification of base bid and additives.
- c. Certification of Value Engineering, including analysis of recommendations (including dollar value assigned to each proposal) that were proposed but not incorporated into the design. Indicate reason for rejection of proposal.

FOR THE COMMANDER:



PAT M. STEVENS IV
Major General, USA
Director of Military Programs

CF:

HQDA - DAIM-FD

Commanders:

U.S. Army Engineer District, Alaska
U.S. Army Engineer District, Baltimore
U.S. Army Engineer District, Europe
U.S. Army Engineer District, Far East
U.S. Army Engineer District, Fort Worth
U.S. Army Engineer District, Honolulu
U.S. Army Engineer District, Japan
U.S. Army Engineer District, Kansas City
U.S. Army Engineer District, Little Rock
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U.S. Army Engineer District, New York
U.S. Army Engineer District, Norfolk
U.S. Army Engineer District, Omaha
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U.S. Army Engineer District, Sacramento
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U.S. Army Engineer District, Seattle
U.S. Army Engineer District, Tulsa